

NUVOS

ILL HEALTH RETIREMENT

A guide about the pension benefits that we may pay you as a member of nuvos if you have to leave your job early because you are ill.

The purpose of this guide is to give employees who work for an organisation that is covered by the Research Councils' Pension Scheme (RCPS) arrangements, a basic understanding of what Ill Health Retirement is, and how it is applied.

An ill-health retirement pension may be paid if our Scheme Medical Adviser is satisfied that you meet the qualifying conditions as set out in the scheme rules.

We have tried to keep this guide as jargon-free as possible. Technical terms are shown in bold and explained in the glossary.

Your questions answered

What are the qualifying conditions for an ill-health pension?

There are two conditions:

- you must have at least 2 years **qualifying service** however you may qualify if you transferred benefits in from another occupational pension scheme or have an earlier period of service with a RCPS employer;
- the pension scheme's Medical Adviser must be satisfied that you meet the criteria for an ill-health pension.

What are the criteria for an ill-health pension?

There are two levels (tiers) of pension depending on the severity of your illness and the effect of this on your ability to work.

The criteria for **lower tier** ill-health retirement is that you must be prevented by ill health from doing your own or comparable job and the ill-health is likely to continue until you reach **pension age**.

To get **upper tier** you must meet the same criteria as for lower tier except that you must also be incapable of doing just about any type of employment.

- **Prevented by ill health** means having a significant incapacity. It does not mean 'unwilling', 'disinclined' or 'inconvenient' to carry out your job.
- **ill-health means** a recognised medical condition giving rise to the incapacity. Diagnosis must be supported by clinical findings.
- **doing your own or a comparable job** (lower tier) means turning up regularly to do a job in your grade (not necessarily the exact job that you have been doing).

- **doing any type of employment** (upper tier) means not only being unable to do a job in your grade, but also any other significant job. We call this being incapable of undertaking 'gainful' employment.
- **likely** means on a balance of probabilities.

How do I apply for an ill-health pension?

Either you or your employer can apply for ill-health retirement to be considered, but your employer must first investigate whether there are other options which will enable you to carry on working.

Applications must be made to the Scheme Medical Adviser and these will include details of your job, your ill health and your sickness absence record. You will need to provide your doctor's details and provide consent for the scheme medical adviser to approach your medical carer(s) for additional medical evidence, if they think this is required before they make a decision.

If the Scheme Medical Adviser is satisfied that you meet the criteria for ill-health retirement and JSS is satisfied that you meet the other qualifying conditions, your employer will then give you notice.

What benefits do I get?

There are two levels of pension, depending on the degree of incapacity. In both cases, although your pension is being paid early, we do not reduce it for early payment.

If the Scheme Medical Adviser considers that your incapacity is such that you are unable to undertake any gainful employment, you will qualify for pension at the higher rate. If you meet all criteria other than this, you will qualify for pension at the lower rate.

The **lower rate** pension will consist of:

- the total pension you have built up to date plus all the rises in line with the cost of living.
- any added pension you have bought, provided that you did not opt to buy it shortly before you are retired.
- any nuvos pension you have bought by transferring benefits from another pension arrangement, unless you are retired within two years of bringing in the transfer and we consider that you did not disclose a known health condition at that time. The higher rate pension will be based on all the years of service you would have had if you had carried on working to pension age.
- any nuvos pension you have bought by a Club transfer. The value of the transfer will be reduced if the scheme which you transferred it from had a pension age below 65.
- any linked pension you have transferred from an earlier period of service with an organisation that operates Civil Service pensions. (If the linked pension is from one of the Research Councils final salary schemes, it will be reduced to reflect the fact that it was based on a pension age of 60.)

What if I am too ill ever to work again?

If you meet the criteria for an upper tier pension your pension will in most cases, be enhanced (increased) as if you had continued to work to 65. Your enhancement will be worked out by dividing your pension by the number of years you were contributing to nuvos, and multiplying that amount by the number of years from your date of retirement to your 65th birthday. However, your pension cannot be more than 75% of your pensionable earnings, which may limit the amount of enhancement you receive.

Example

Gerard has to retire on ill health terms at the age of 55 after 20 years in nuvos. His pension at that point is £7,500 a year. The scheme medical adviser confirms that Gerard is unlikely to be able to work again, so his pension is enhanced by £3,750 ($£7,500/20 \times 10$), giving him a total nuvos pension of £11,250 a year.

Does my pension carry on for life?

If your pension is paid at the lower rate it will continue for the rest of your life, even if you are re-employed, but may be subject to **abatement**.

If your pension is paid at the higher rate, we will ask the Scheme Medical Adviser to review your case up to every five years. This is called a periodical review. If your condition improves so that you no longer meet the conditions for a higher rate pension, we will reduce your pension to the lower rate. We will give you three months' notice before we reduce your pension and we will not take it away altogether even if you make a complete recovery. We will stop reviewing your pension once you reach **pension age**.

Can I appeal against the medical adviser's decision?

Yes. Ask JSS for details of the appeal process.

What if I am re-employed?

If you are re-employed in the scheme your pension will carry on but it may be subject to **abatement**, even if the job you take is not itself pensionable. This means that your pension will be reduced if your new pay plus pension is more than your pay before you retired. **Abatement** applies to all pensioners who are re-employed, not just to those who have had ill-health pensions.

If your pension is at the higher rate, we do not expect you to be fit to be re-employed.

Glossary

Abatement is where your earnings on re-employment are reduced, usually partly off-setting the effects of the pension you are getting.

Final salary is the amount of pay used to work out your final pensionable earnings.

Pension age is the earliest age at which you may retire voluntarily and receive immediate unreduced pension benefits. Pension age for most people is 65.

Qualifying service is generally the calendar years you have been in the pension scheme and, if you have switched from a **partnership** pension account, will include the years when you had a **partnership** pension account. Qualifying service is not affected by whether you work full or part time.

Other information

Note: This provides a straightforward guide to provisions for ill health benefits in nuvos. It does not cover every aspect: the full details are contained in the scheme rules which are the legal basis of the Scheme. You should note that nothing in this guidance can override the rules, and in the event of any unintentional difference, the rules will prevail.

You can obtain more information about the pension arrangements from the JSS website:

<https://jsspensions.nerc.ac.uk/default.asp>